REMARKS

Applicants thank the Examiner for extending an interview to Mr. Art Hasan, Reg. No. 41, 057, on July 31, 2003 to discuss the Office Action and the differences between the claimed inventions and the relied upon art as set forth and clarified herein.

Applicants have amended the specification to make reference to certain copending applications that contain subject matter related to the subject matter in the present invention. Copies of the copending applications and additional art for consideration by the Examiner are being submitted via supplemental IDS. Applicants have amended FIG. 7 to correct for an obvious clerical error in the drawings. No new matter has been added. Applicants respectfully request that the Examiner approve the amended drawing for replacement in this application.

Claims 1-120 are pending. By this paper, Applicants have amended claims 1, 34, 42, 72 and 104. The Examiner has provisionally rejected claims 1-71 under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1-70 of copending application 09/688,456 and provisionally rejected claims 72-120 under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1-56 of copending application 09/688,452. In response, Applicants are filing herewith a suitable terminal disclaimer, and respectfully request that the rejection be withdrawn. Since both Application Nos. 09/688,456 and 09/688,452 have the same filing date, the terminal disclosure includes only Application No. 09/688,452.

The Examiner has rejcted claims 1-120 under 35 U.S.C. §103(b) as being unpatentable over Leon, U.S. Patent 6,424,954 ("Leon") in view of Whitehouse. Applicants submit that all of the pending claims in the application are patentable over the relied upon references, and respectfully request reexamination, reconsideration and allowance of this application.

As set forth on page 2 of the Background of the Invention, certain systems that were available at the time of filing of the present invention, require a special purpose hardware device, known as a Postal Security Device (PSD) (also referred to as a Secure Metering Device (SMD) that is generally located at a user's site. The PSD, in conjunction with the user's personal computer and printer, functions as the IBIP postage meter. A significant drawback of such hardware-based systems is that a new PSD must be locally provided to each new user, which

involves significant cost. Furthermore, if the additional PSD breaks down, service calls must be made to the user location.

In light of the drawbacks in hardware-based postage metering systems, one aspect of the present invention includes a software-based system has been developed that does not require specialized hardware for each user. The software-based system meets the IBIP specifications for a PSD, using a centralized server-based implementation of PSDs utilizing one or more cryptographic modules located remotely from the users (i.e. do not require a specialized hardware metering device located at the user's site).

Independent claim 1 includes, among other limitations, " A cryptographic device for securing data on a computer network comprising: a processor programmed to authenticate a plurality of users on the computer network for secure processing of a value bearing item, wherein the processor includes a state machine for determining a state corresponding to availability of one or more commands; a memory for storing security device transaction data for ensuring authenticity of a user, wherein the security device transaction data is related to the one of the plurality of users; a module for processing value for the value bearing item; a cryptographic engine for cryptographically protecting data; and an interface for communicating with the computer network; wherein the cryptographic device is located remotely from the plurality of users. Claims 42, 72 and 104 also contain limitations similar to the underlined limitations.

The claimed invention is not disclosed by Leon, the primary reference cited by the Examiner in support of the Section 103(a) rejection. Leon is of the category of specialized hardware-based systems located at the user's site that are specifically distinguished in the Background section of the present application. Leon's system teaches a dedicated postage metering system (SMD) connected to the user's computer as an external hardware device or circuit card that is portable. The SMD couples to the personal computer via a communications link 122 that can be a serial link such as an RS-232 interface. By carefully partitioning the various features of the metering system, Leon teaches that the SMD can be manufactured in a relatively small size and low cost unit. See Leon, col. 2, lines 29-40, col. 3, line 61- col. 4, line 20, FIGs. 1A and 1B. In Leon's system, each SMD performs state functions. See Leon, cols. 9, 10. Accordingly, in Leon's system, depending on the number of users, there may be thousands of individual localized SMDs attached to each user's PC.

There is no motivation to combine the teachings of Leon and Whitehouse, the other reference relied upon by the Examiner, to obtain the claimed inventions. The Whitehouse reference specifically teaches away from a localized SMD attached to the user's computer, and instead focuses on a system for electronic distribution of postage including one or more secure

central computer. According to Whitehouse, "[a] key aspect of the system is that all secure processing required for generating postal indicia is performed at secure central computers not at end user computers, thereby removing the need for specialized secure computational equipment at end user sites." See Whitehouse, Abstract, col. 6, lines 21-30, FIG 4.

As Leon and Whitehouse specifically teach against the use of the other's system, the requisite motivation to combine is missing. Further, there are no teachings in either Leon or Whitehouse that teach how to take the individual features of Leon, which presumably include the state functions, that have been carefully and particularly partitioned to provide a low cost portable device and include those features in one or more secure central computers. Hinsight reconstruction based on Applicants' teachings may not be used to sustain a rejection under Section 103(a). Accordingly, Applicants request that the rejection of claims 1-120 be withdrawn.

Applicants have also added a limitation to independent claims 1, 42, 72 and 104 that recite generally that the claimed cryptographic devices and methods include the performance of value management functions (e.g., processing of purchase of value from users) by the device itself. Such limitations are intended to distinguish from systems such as in Lewis, U.S. Patent 6,233,565 (disclosed in the Applicants' most recent Supplemental Information Disclosure Statement) in which a single master PSD is responsible for all cash management functions with the third party seller of goods and/or services.

In view of the foregoing amendments and remarks, Applicants respectfully submit that this application is now in condition for allowance, and accordingly request early issuance of a Notice of Allowance.

Respectfully submitted,

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Attachment: Replacement Drawing Sheet
               Annotated Sheet Showing Changes

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FIG.7